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MEPC Limited

Interim Report
for the six months
ended 31 March 1976

Board of Directors

Sir Gerald Thorley TD FRICS *Chairman*
A Kennedy Kisch MA
Maxwell Creasey FRICS
J C Hawkes FRICS
The Hon Angus Ogilvy
Peter Anker FRICS FRI
R G Dashwood MA FRICS
Jack W Hughes BSC (EST MAN) FRICS
D J Davies MA
C J Benson FRICS
A L Crowe FCA
R A Greiner FRI
Sir David Nicolson

Secretary and Registered Office

A L Crowe FCA
Brook House 113 Park Lane
London W1Y 4AY

Registrars and Transfer Office

Barclays Bank (London and International) Ltd
Registration Department
Radbroke Hall
Knutsford
Cheshire WA16 9EU

Notes to the Group Revenue Account

- Interest payable is shown after transferring an amount of £1,367,000 to properties held by residential development subsidiaries.
- UK Taxation has been provided at 52% for the half year. The taxation charge includes £640,000 in respect of overseas taxation.
- Earnings per ordinary share have been calculated on the deficit attributable to ordinary shareholders of £1,761,000 and the number of shares at 31 March 1976 of 106,821,592.
- For the six months to 31 March 1976 there has been a minor increase in reserves arising mainly as a result of net gains from changed currency conversion rates.

Group Revenue Account for the six months ended 31 March 1976 (unaudited)

Half year to 31.3.1975		Half year to 31.3.1976	Year to 30.9.1975
£'000		£'000	£'000
18,375	Gross rental income	24,481	41,238
—660	Net revenue from residential development	—987	—5,061
4,396	Other revenue	3,857	8,807
22,111		27,351	44,984
—8,118	Property outgoings and other charges	—10,948	—18,300
—1,044	Provision against loans and debts	—925	—2,842
12,949		15,478	23,842
16,688	Cost of finance (note 1)	16,413	33,954
—3,739		—935	—10,112
3,791	Transfer of an amount equivalent to interest and other outgoings applicable to properties held for or in course of development	2,457	6,411
52		1,522	—3,701
14	Share of results of associated companies	—	55
66	Earnings before taxation	1,522	—3,646
1,612	Taxation (note 2)	2,113	277
—1,548	Earnings after taxation	—591	—3,923
248	Minority shareholders interests	398	355
—1,794		—989	—4,278
34	Dividend on preference shares	34	68
—1,828		—1,023	—4,346
532	Appropriation for depreciation on overseas properties	738	1,310
—2,360	Earnings attributable to ordinary shareholders	—1,761	—5,656
—2.21p	Earnings per ordinary share (note 3)	—1.65p	—5.30p

Interim Statement

Your company's results for the half year to 31 March 1976 which show profits before taxation of £1.5m indicate that the steps your Board has been taking to restore MEPC to an acceptable level of profitability are beginning to bear fruit. It should be noted that gross rental income has increased from £18.4m to £24.5m. However, the profits and losses arising in different countries cannot currently be offset for taxation purposes and there is accordingly a disproportionately high taxation charge which turns the before tax profit into a loss for the half year.

United Kingdom

There has been a significant increase in rental income from UK investment properties due to lifting of the rent freeze, renewals of leases as they expire and first lettings of developments and refurbished properties.

MEPC took action against the Department of the Environment in respect of rents of government offices during the period of the rental freeze and won both the action and the appeal. It is not yet known whether the Department will take the matter to the House of Lords. A successful outcome of the litigation would be of considerable benefit to your company.

Our policy with regard to development which was fully stated in earlier reports, remains unchanged in the continuing uncertain conditions. However, we are hopeful that completion of funding arrangements and a pre-letting will enable us to commence a major development shortly.

The difficulties of residential development have continued into this financial year though their effect on our profits is very much less and our housing stock has been reduced to under £5m.

Overseas

Our Canadian operations continue to prosper with increased profits.

In Australia, as a result of the agreement reached with the Sydney Stock Exchange for their occupation of a part of Exchange Centre, the building is now 25% pre-let with completion of construction expected towards the end of 1978.

The office tower of Manhattan Center, Brussels, is now 40% let and we are making some progress with the remainder though the letting market remains weak.

In Honolulu, we have reached conditional agreement for the sale of the Kahala Hilton Hotel at a substantial profit and are making good progress with the construction and sales of condominiums at Discovery Bay.

The Future

The improvement in the figures for the half year under review is not sufficient to declare an interim dividend. Consideration of the resumption of dividend payments will accordingly have to wait until the position for the full year is better known.

I became Managing Director of MEPC in March and Chairman in April of this year. It is not, however, my intention to continue to hold the former position and in due course a permanent appointment will be made.

Gerald Thorley
Chairman

8 June 1976